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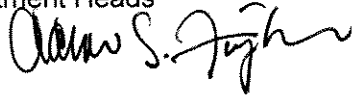
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July 20, 2006

PROCUREMENT CIRCULAR 2006-03, Amendment 1

TO: Chief Procurement Officers
Executive Department Heads

FROM: Aaron S. Fujioka 

SUBJECT: Act 283, SLH 2006
Legislative Bill - SB 2898, SD2, HD2, CD1 Relating to Procurement

On July 7, 2006, SB 2898 was signed into law as Act 283, increasing the dollar level for small purchases from less than \$25,000 to less than \$50,000.

SECTION 2 of Act 283 amended HRS §103D-305, Small purchases, prohibition against parceling, which states in part, "*Procurements of less than ~~[\$25,000]~~ \$50,000 for goods, services, or construction shall be made in accordance with procedures set forth in rules adopted by the policy board that are designed to ensure administrative simplicity and as much competition as is practicable;....*"

Current rules, HAR §3-122-75, previously adopted by the policy board to implement HRS §103D-305, states in part, "*The procurement policy board shall by procurement directive establish the procedures to be used for this section.*" The issuance of the small purchase procedures by Procurement Directives is to simplify the implementation of the statutes and its rules.

Therefore, Procurement Directive 2002-04 and Amendment 1 is still in effect, providing the details, including the current dollar levels of less than \$25,000 and procedures. The less than \$50,000 level cannot be utilized until the procurement policy board establishes procedures as stated in Section 2 of Act 283. The Board has been apprised of the statutory changes of Act 283, and will be issuing a Procurement Directive to Chief Procurement Officers.

Executive Departments shall continue to comply with Procurement Circular 2003-01, Amendment 2.

Should you have any questions, please call me at 587-4700, or your staff may contact:

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